

MEMORANDUM FOR RECORD

SUBJECT: Civil Works Review Board (CWRB), Comprehensive Everglades Restoration Plan, Site 1 Impoundment Project, Palm Beach County Florida

Date of CWRB: 6 June 2006

CWRB Members: MG Johnson (DCG, Chair), Steve Stockton (DDCW), Tom Waters (Planning CoP), Ed Theriot (NAD RIT Leader) and Jerry Barnes (CW Operations/Regulatory CoP Leader).

Key Participants:

HQUSACE: CWRB Members, Don Basham (Chief, SAD RIT), Office of Water Project Review (Colosimo, Cone, Warren, Ware), Policy and Policy Compliance Division (Leef), Office of Counsel (Nee) & SAD RIT (Hughes).

SAD: Les Dixon, Wilbert Paynes, Mike Magely.

SAJ: Col Carpenter, Dennis Duke, Stuart Appelbaum, Eric Bush, Mike Rogalski, Sean Smith.

ASA(CW): Terry Breyman

OMB: Dick Feezle and Gary Waxman

Sponsor: Carol Whele and Ken Ammon, South Florida Water Management District, and Rock Salt, DOI

OWPR Recommendation: Approval of the report for release for State and Agency review subject to incorporation of revised design and cost information and ITR completion.

CWRB Decision Made: Approval of release of the report for State and Agency review subject to report revisions, ITR completion and HQ review of revised information.

Vote: Unanimous.

Key Issues/Questions Raised by the CWRB:

1. 902 Limit & Cost Increases. Prior to the CWRB, the Board was informed that project costs increased substantially (roughly \$20M) during design work, which is being conducted concurrently with the completion of the PIR. The increased project costs will exceed the authorized project cost limit by approximately \$25M. This information is

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different than that provided in the final PIR and read ahead material provided to the CWRB and alters the processing of this PIR. The Site 1 Impoundment Project was conditionally authorized in WRDA 2000, requiring ASA(CW) approval prior to construction. The 902 cost limit bust will now require the report be processed to Congress for authorization. MG Johnson opened the meeting by stating that a cost change resulting in a section 902 bust should not be discovered the week before a CWRB. The District Commander explained that the cost increase is an issue related to the ACCLER 8 schedule for CERP as the issue surfaced during value engineering during Preconstruction Engineering and Design (PED). The Site 1 implementation schedule calls for the SFWMD to initiate construction in August 2006. The District's challenge is to determine what new design information is appropriate to include in the PIR. Though design is continuing, the non-Federal sponsor, SFWMD, and Jacksonville District agree the costs will be approximately \$70Million. The ITR for the PIR design was completed in Sept 2005 and in October 2005 new guidance which required that impoundment projects in the Everglades are dams versus levees and therefore impoundments should be designed in accordance with dam safety requirements. A Board member suggested that future cost estimates should identify the top ten cost items that could be wrong during the PIR phase and identify cost ranges for these features. The Board agreed with the District and Sponsor's recommendation to delay the State and Agency Review for approximately 30-days while the team incorporates the design and cost revisions into the PIR and completes appropriate ITR. Headquarters will perform an expedited, 1-2 week review of the revised material.

2. Pre-PCA credits: One of the issues identified by the District and the OWPR is also related to the ACCLER 8 program. Specifically, the sponsor has initiated design work and intends to initiate construction activities in advance of the execution of a PCA. In accordance with policy and law, authorization is needed to allow for the approval of pre-PCA credits. Given, the need to go to Congress for authorization due to the 902 limit, the OWPR recommended the pre-PCA credits also be included for authorization. The Board agreed that the report and Proposed Chief's Report should be revised to clearly state the need for authorization language for pre-PCA credits.

3. Programmatic CERP Plan: The SAD-RIT leader, Board members, ASA(CW), the SFWMD, and OMB all emphasized the need for the development of a CERP programmatic plan which will track and manage program costs, prioritize projects and project implementation, confirm project outputs and verify the modeling, and establish the CERP foot print. Having a programmatic plan in place will allow SFWMD to establish land acquisition priorities. Given the rising cost of real estate, this is essential to managing project costs. Real estate was originally estimated at \$2500/acre. In some areas, SFWMD stated that the price has risen to \$30,000/acre. The plan must maintain some level of flexibility to allow changes as the project progresses. By law, CERP

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conducts a project review every 5 years. A new requirement of the 5-year report will check the project outputs by comparing them to interim goals, verify modeling results, and confirm or direct a change to project operations or overall footprint. Over the next 18 months, the PDT and the vertical team will VE the original plan and cost estimate. This review should identify the factors affecting project costs, i.e. real estate values, and discuss how to manage escalating project costs. OMB indicated the need to balance land acquisition costs versus component implementation costs.

4. Independent Technical Review (ITR): There was discussion about the timing of the completion of ITR related to the design and cost issues. The District explained that the slides had not been revised to reflect that ITR is not complete and acknowledged there is a need to do external to the district ITR for the technical work that is being performed to update PIR with design and cost revisions. The ITR for Site 1 needs to be completed in accordance with current regulations before the document goes out for State and Agency Review. MG Johnson stated that the purpose of ITR is to identify areas where there may be a professional difference, emphasizing that the USACE cannot get the science wrong. Colonel Carpenter stated that the ITR is scheduled to be completed in 30 days.

5. Dam Safety Design Criteria - A vertical team was established to develop dam safety design criteria for the CERP impoundments. USACE HQ is working to provide further guidance on the interpretation of those ERs and DCM's. Don Basham emphasized that it is not about the cost. MG Johnson noted that where appropriate, the lessons learned from the IPET investigation need to be applied to these projects.

6. Sponsor Support and PDT: The SFWMD and DOI expressed very strong and unqualified support for the project. SFWMD further identified their strong commitment to the Everglades Restoration Program and stated they will likely over match the Corps in funding Everglades Restoration. DOI acknowledged the tremendous partnership with SFWMD and the Corps. The Board recognized the strong partnership and acknowledged their appreciation for their participation and efforts in working with the Corps and the Everglades Restoration. MG Johnson recognized Colonel Carpenter for his obvious close involvement with the PDT.

Other Issues of Note: None.

Actions Required prior to S&A Review :

1. SAJ will revise the PIR to a) incorporate the design and cost information from value engineering, b) conduct the appropriate ITR, c) revise recommendations to clearly request need for project authorization for project cost and pre-PCA credits.

CECW-SAD

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2. HQ will a.) conduct an abbreviated review of the revised PIR (approximately 1-2 weeks), and b) revise Proposed Chief's Report supporting SWFMD's request for credit for work completed on Site 1.

Additional Actions:

1. Programmatic CERP Plan to be initiated and developed. The development of this plan is independent of the processing of this PIR for S&A review.

Attachments: PowerPoint handouts (including District Engineer, Division Engineer, Sponsor and Office of Water Project Review briefs); Project Summary; DE Transmittal Letter; and Proposed Chief of Engineers Report.